



Department of Veterans Affairs
6900 Almeda Road
Houston, Texas 77030-4200
Toll Free 1.888.232.2571
Web Site www.vba.va.gov/Houstonrlc.htm

BULLETIN NO. 2004-01

January 5, 2004

TO: ALL HOLDERS AND SERVICERS

SUBJ: INSTRUCTIONS FOR TRANSFER OF PROPERTY CUSTODY TO VA

Purpose

This bulletin changes the instructions for the transfer of property custody to the Department of Veterans Affairs (VA) and applies to all VA loans in **Arkansas, Louisiana, Oklahoma, and Texas**. Holders may transfer property to VA (38 CFR 36.4320) when VA specifies an amount (exact dollar figure or total indebtedness) and the holder is the successful bidder at the foreclosure sale or the holder accepts a deed in lieu of foreclosure. The specified amount is the offer made by VA for transfer of the property.

EFFECTIVE DATE

These instructions are effective for all properties foreclosed on or after March 1, 2004.

WHAT HAS CHANGED

This bulletin changes the following:

Servicers and holders are no longer required to submit a copy of the tax certificate with VA Form 26-8903, Notice for Election to Convey and/or Invoice for Transfer of Property. (We will no longer reimburse servicers and holders for the cost of the tax certificate.)

A title search is only required by this office for deed-in-lieu and deceased obligor cases. (These are the only times that the cost of a title search will be reimbursed.)

VA Form 26-8903 can be e-mailed to us at LGYFCU@vba.va.gov.

The new address for the Houston RLC Web Site is www.vba.va.gov/houstonrlc.htm.

WHEN YOU BID TOO MUCH

The Veterans' Benefits Improvements Act of 1994, H.R. 5244, signed into law on November 2, 1994, permits VA to accept custody of property when the holder overbids. In such cases, holders may elect to convey the property to VA for no more than the specified amount. Execution of VA Form 26-8903, Notice for Election to Convey and/or Invoice for Transfer of Property, constitutes the holder's acceptance of VA's offer. The holder's claim payment may be substantially reduced in such cases. The amount bid at the foreclosure sale will be credited to the indebtedness when the Claim Under Loan Guaranty is paid by VA. Holders should consider this before conveying the property to VA for the specified amount.

HOW TO OBTAIN VA FORM 26-8903

This office does not include a VA Form 26-8903, Notice for Election to Convey and/or Invoice for Transfer of Property, with every foreclosure bidding instruction letter. You may obtain a copy of the form at our Website, www.vba.va.gov/houstonrlc.htm or you may fax a request for a supply of the form to 713-794-3700. Be sure to include the VA form number, the quantity needed, and your complete mailing address.

WHEN TO NOTIFY VA OF ELECTION TO CONVEY

The transfer package must be received within 15 days from the date of the foreclosure sale or confirmation date or the date the deed in lieu of foreclosure is executed by the homeowner(s).
FAILURE TO FORWARD NOTICE FOR ELECTION TO CONVEY AND/OR INVOICE FOR

TRANSFER OF PROPERTY, VA FORM 26-8903, WITH ANY REQUIRED ATTACHMENTS WITHIN 15 DAYS AFTER THE EVENT MAY RESULT IN REFUSAL OF CUSTODY.

THE TRANSFER PACKAGE

A properly completed and executed Notice for Election to Convey and/or Invoice for Transfer of Property, VA Form 26-8903, must be submitted. The 12 digit VA loan identification number is required on the form.

Attach a copy of the order confirming the foreclosure sale when required or the deed executed by the homeowners in deed-in-lieu of foreclosure cases.

HOW AND WHERE TO SEND THE TRANSFER PACKAGE

E-MAIL: Property transfer packages may be e-mailed to LGYFCU@vba.va.gov. Holders should retain their e-mail confirmation reflecting that VA received the documents.

FAX: Property transfer packages may be faxed to **713-794-3881**. Holders should retain their fax confirmation reflecting that VA received the documents.

MAIL: When mailed, property transfer packages must be sent by certified mail to:

**Regional Loan Center (264)
6900 Alameda Road
Houston, TX 77030-4200**

RESOLVING CUSTODY DISPUTES

Disputes concerning transfer of custody to VA are resolved in favor of the holder only when a copy of a certified mail receipt or fax or e-mail confirmation can be provided. The return receipt for mailed items must adequately identify the loan account and the documents mailed and must be signed by a VA employee. When documents are faxed or e-mailed, the confirmation must reflect the following:

1. the loan account number
2. all documents were faxed or e-mailed to the correct fax number or e-mail address
3. the date and time of receipt by VA.

RESPONSIBILITY FOR PROPERTY CONDITION

It is the responsibility of the holder to preserve and protect the property prior to transferring custody to VA. Custody of the property is delivered to VA upon receipt of VA Form 26-8903. At that time, VA assumes all risks of ownership, and the holder should discontinue all property management functions. VA does not require the property to be vacant, undamaged or free from personal property when custody is transferred, however, VA may refuse to accept conveyance if the property has been substantially damaged as a result of the holder's negligence.

QUESTIONS AND COMMENTS

Please e-mail questions and comments concerning this bulletin to LGYHGALE@VBA.VA.GOV.

Rescission

This bulletin rescinds RLC Bulletin No. 2000-11, dated February 28, 2000, on the same subject.

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R. BIAGIOLI
Loan Guaranty Officer